
VA Single Family Housing News

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National Home Ownership Month

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**Happy National
Homeownership Month! --**

Both President Bush and Governor Warner have proclaimed June as National Homeownership Month to recognize the importance that homeownership serves as the foundation of the American Dream. At Rural Development, our theme for this year's events is "Own your Future" in keeping with the President's priorities for America to become an "Ownership Society". To commemorate NHOM, we have planned several events that are mentioned in this newsletter that you are invited and encouraged to participate in. Last year, Virginia assisted almost 1,200 families become homeowners through our direct and guaranteed SFH programs. Nationally, Rural Development provided mortgage financing to over 40,000 families to help them realize their dream of homeownership.

"Homeownership is so vitally important to the fabric of our society because it fosters safe

neighborhoods, vibrant communities, and helps build and accumulate wealth for families. Our varied housing programs cover a fairly wide range of housing needs from the guarantees that we offer lenders to insure against credit loss and our direct program which provides an interest subsidy to enable households below 50% of median income to qualify, to our mutual self-help program that uses sweat equity to offset at least half the labor cost to increase affordability for needy families. Our SFH programs are means-tested and are designed to create homeownership opportunities to tap into the benefits flowing out of the pride of ownership. Rural Development is proud to also be celebrating its 70th anniversary and does not intend to rest on its laurels of past accomplishments until everyone has access to decent, safe and affordable housing. With your help, one day our dream will be everyone's reality."

Editor's note: Philip has been loan from RD Headquarters since January, where he serves as the Director of the SFH Direct Loan Division.

Thermal Requirements and Property Inspections

As of June 17, 2002, Rural Development (Virginia) has streamlined the thermal performance standards as outlined in RD Instruction 1924-A. Any property constructed after 1980 will meet all of the Rural Development thermal requirements. Properties constructed before 1979 will meet the thermal requirements as long as the subject has storm windows (or thermal windows) and storm entrance doors (or thermal doors). **OR** the property will have some amount of ceiling insulation. These requirements are documented on the URAR; no special form is required.

Rural Development eliminated the use of the Virginia EC form on June 17, 2002. We will no longer accept this form for thermal documentation or other required home inspections.

This leads to [RD AN 4052](#), "Existing Dwelling Inspection Requirements" (dated February 28, 2005). The summary of this AN is Rural Development requires the use of the HUD VC

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form or a sufficiently similar inspection report. We highly recommend the use of the VC over other types of home inspections. We find that other inspection forms are not sufficiently similar to the VC. In Virginia, Chase Home Finance and Rural Development have agreed that all brokered or correspondent loans will only be accepted with a VC sheet.

Please ensure that the appraiser is on the list of FHA approved appraisers or the form will not be accepted by Rural Development.

A copy of this form is required with the loan package in order for the lender to receive the Conditional Commitment.

Although we do not recommend a home inspection report for the purpose of analyzing the loan security, we highly recommend that home buyers obtain a home inspection on the property they wish to purchase in order to protect their interest.

Ratio Waiver Requests

RD AN 4053, "Debt Ratio Waivers", (dated February 28, 2005) allows the lender's underwriter to exceed the base ratios of 29/41 under certain conditions. The primary reason is a middle credit score of the applicant of 660 or above. Other factors include long term employment, similar shelter costs, or substantial cash reserves. Another factor is "the borrower receives compensation

or income not reflected in the effective income, but directly affecting the ability to pay the mortgage, including food stamps and other public benefits." **It is not appropriate or acceptable** for the lender's underwriter or a Rural Development official to include income from other adults in the household as a compensating factor for a ratio waiver.

Rural Development does not set a limit on the level of the ratio; the lender's underwriter must review the package and determine the appropriate level of risk based on the circumstances of the borrower.

Please remember that the lender should verify that the Rural Development approval official has concurred with the ratio waiver request. This can be found on the attachment to the Conditional Commitment.

Training Seminar

A lender and Realtor GRH informational meeting will be held at Rappahannock Community College in Glenss on June 14, 2005. We will be announcing a streamlined processing system. Directions to the facility are at http://www.rcc.cc.va.us/programs_services/directions.htm

Acceptable GRH Loan Packages

Please make sure that all packages submitted for loan commitment are fully underwritten before sending to your local Rural Development

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office. Rural Development will not underwrite the loan; we will only review the package for basic loan eligibility (i.e. income limits, property eligibility based on location). Please use the checklist on our [website](#). If your package is not complete, we will call or send a fax for the trailing documents. If there is no response after 3 business days, the package will be returned to the lender.

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NEXT NEWSLETTER WILL BE IN SEPTEMBER.

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